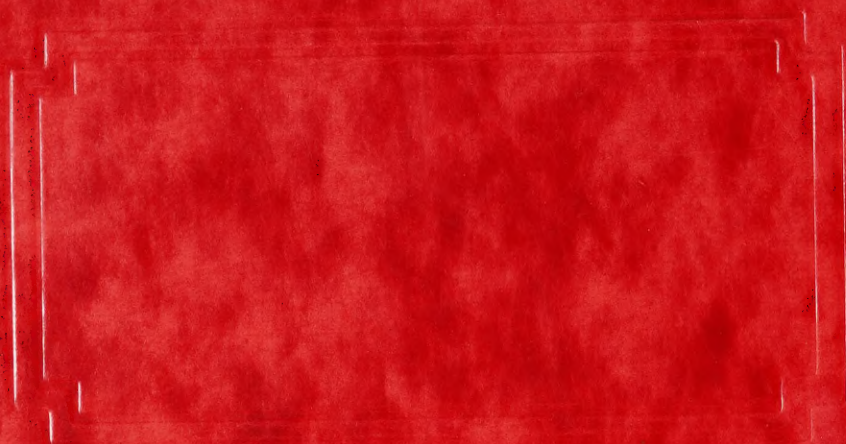


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Committee on Agriculture
Submission



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Government
Publications

National Farmers Union

Submission

to the

House of Commons Standing Committee on
Agriculture

Canada, Parliament,

Ottawa, Canada
March 24, 1970

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Ottawa, Canada
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Canadian farmers welcome the opportunity to present their viewpoint on the problems associated with distress prices for non-quota feed grains to this very important committee of the House of Commons.

The House of Commons Order of February 10 directed:

"That the Standing Committee on Agriculture be empowered to examine and enquire into the problem of distress or unreasonably low prices for non-quota feed grain being marketed in the designated area as defined by the Canadian Wheat Board Act and to report to the House observations and proposals thereon."

We submit that the issue facing this Committee extends, in fact, far beyond "the problem of distress or unreasonably low prices for non-quota feed grain." This has been indicated thus far by the evidence given before this Committee by witnesses who have appeared in earlier hearings.

Quite clearly, the problem of distress prices cannot be considered in isolation of other related basic questions. This Committee has a duty to enquire into the whole spectrum of the current feed grains policy if it hopes to make the in-depth study this question deserves.

We therefore urge your Committee conduct an evaluation of the present policy since its inception in 1960 in order to determine such questions as:

a) To what extent has the interprovincial movement of feed grains within the designated Wheat Board area taken place in violation of the Canadian Wheat Board Act and by whom?

b) To what extent have the agreements between non-quota feed mills and the Canadian Wheat Board been violated and abused vis a vis such matters as:

- i) Failure to accept grain only from valid permit book holders;
- ii) Failure to properly enter purchases of non-quota feed grain from producers into permit books;
- iii) Failure to pay farmers the posted prices for feed grains.

c) To what extent have grain companies and non-quota feed mills conspired in moving grain outside of the designated area of the Canadian Wheat Board into British Columbia and eastern provinces, and the identity of such offending companies?

d) What has been the legal disposition of any such cases of violations of regulations such as those described above?

e) To determine whether evidence exists of non-quota feed grain entering into export from this country or of being milled into flour.

f) To determine whether or not the violations which this committee may uncover fall into the classification of corporate crime.

g) If such corporate crime has, in fact, taken place, has the judicial disposal of such offenses been adequate?

h) Do loopholes exist in the Canadian Wheat Board Act and the Canada Grain Act which may aid and abet the causes of illegal movement of grain?

i) Does there exist within Canada a conspiracy on the part of persons or groups of persons to destroy the orderly marketing system for some or all grains with a view to bringing about the elimination of the Canadian Wheat Board?

j) What are the implications of the current policies in trends towards aiding and assisting the forces of vertical integration in the production of livestock?

k) Have the best interests of Canadian farmers been served by the existing policy?

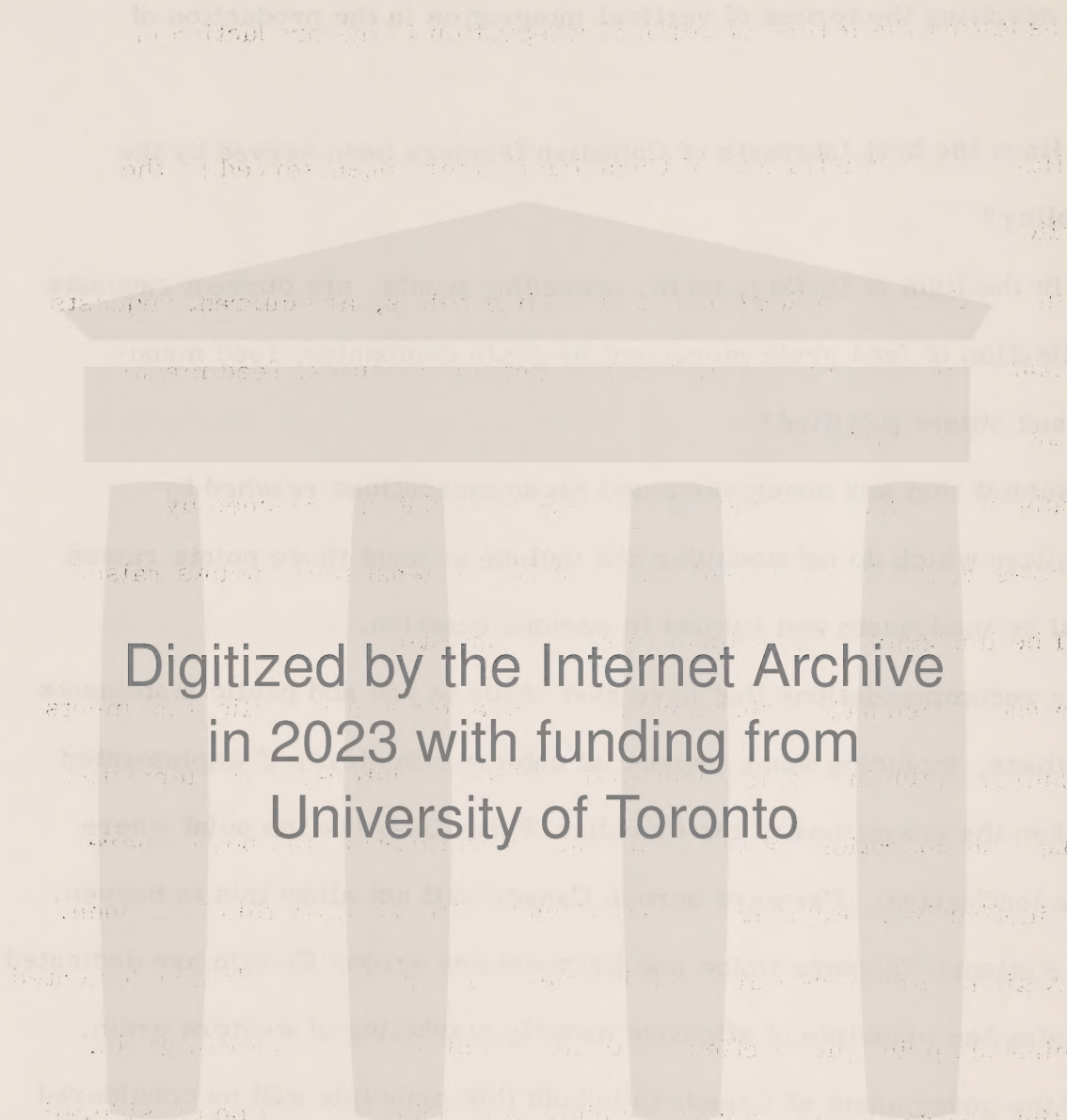
l) In the light of findings on the preceding points, are current requests for liberalization of feed grain movement by grain companies, feed manufacturers and others justified?

We submit that any conclusions and recommendations reached by this Committee which do not consider and include at least those points raised above, will be inadequate and subject to serious question.

Some recommendations that have been made to you and public statements made by others, including some provincial cabinet ministers, if implemented would weaken the operations of the Canadian Wheat Board to the point where it would be ineffective. Farmers across Canada will not allow this to happen.

The National Farmers Union and its members across Canada are dedicated to maintaining the principle of effective orderly marketing of western grain. Failure of the government of Canada to uphold this principle will be considered by our members as a sell-out. This simple fact should be clearly understood by the Commons Committee on Agriculture.

Nearly ten years ago, this committee made recommendations to the House of Commons which legalized the sale of grain to certain feed mills outside the pricing and quota regulations of the Canadian Wheat Board, providing the mills entered into certain agreements with the Board. Requests for this change originated with those business firms who stood to gain, and were supported by



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those subservient to them.

The Canadian Wheat Board and farmers opposed the request before this committee. The dangers expressed were apparently not understood by the committee, as these voices went unheeded.

WE URGE THE COMMITTEE NOT TO REPEAT THE SAME MISTAKE IN 1970.

On April 10, 1969, the NFU presented a comprehensive submission to the government of Canada, government of Saskatchewan and the Canadian Wheat Board on the subject of marketing western grains. A copy was sent to all members of this committee.

As a demonstration of their determination in defence of an effective orderly marketing system, 7500 farmers converged on Saskatoon in support. Farmers' determination, bolstered by lack of sales, is stronger in 1970 than it was in 1969.

Evidence presented to you by Mr. McWilliams and apparently supported by an official of the Canada Department of Agriculture, Mr. J. W. Channon, shows the acres seeded to, and production of barley from 1964 to 1969 and its disposition. His conclusion was that our shortfall was in marketing, not production. He recommended that, "We split western barley out of our present system and try this method of marketing." (Based on U.S. plan for marketing soybeans).

In other words, he said the Wheat Board method has failed, so turn it over to the grain trade. If accepted, marketing of western barley would be set back to a situation comparable to wheat marketing in 1935.

SUCH A PLAN IS NOT ACCEPTABLE TO CANADIAN FARMERS.

According to press reports, Mr. Runciman recommended that the Canadian Wheat Board's designated area should be regarded as one area, insofar as interprovincial movement of grain is concerned. When asked for his comments, Mr. McNamara, Chief Commissioner, Canadian Wheat Board, said the borders should be maintained. He said the Board could regulate the flow of grain to the elevators but not to the feedlots. When asked if sales to feedlots could be regulated, would he favor all sales to come under the regulations of the Board, Mr. McNamara replied, "Yes."

Quebec farmers endeavoring to compete in livestock production have served notice that if distress selling of grain in the west is not corrected, they will demand free access to the same supply as well as feed freight assistance.

In addition, they say that if interprovincial movement of non-quota grain is legalized in western Canada, their intention is to bring in barley from outside Canada.

Mr. McNamara told this committee that there is a choice to make: Orderly Marketing; or Open Market.

Canadian farmers are thus once again in open conflict with corporate business, each with vested interests, and the Commons Committee on Agriculture is the jury which is expected to bring in a verdict.

Predictable witnesses come and go before the jury. The performance of 1960 is being repeated. The characters may have changed, but the script is the same.

In 1960, corporate business requested that what was happening be legalized. Farmers, they said, were selling grain to mills in excess of the quota so they must like it. In 1970 they say farmers are selling grain across provincial borders so they must like this.

In both years, corporate business lays the blame on the Canadian Wheat Board and the farmers' desire to sell outside the Board.

In actual reality it is corporate business which is anxious to operate outside the Board. Some private businessmen and farmers have been enticed to co-operate with them. Governments, both federal and provincial, and the Canadian Wheat Board have allowed corporations to proceed virtually unmolested, while individuals have been charged and penalized for offences.

Examples:

1. If a farmer delivers grain in excess of his quota, both he and the elevator agent may be charged with an offense. WHY NOT THE ELEVATOR COMPANY AS WELL?
2. If a farmer delivers grain not grown by him to an elevator, he may be charged. WHY NOT THE ELEVATOR COMPANY AS WELL?
3. If a person transports grain across a provincial border without authorization from the Canadian Wheat Board, he may be charged with an offence. WHY NOT THE SHIPPER AND THE RECEIVER AS WELL?
4. If a farmer employs hired help, and in the course of his work he does something to cause damage to someone else, the farmer is liable for the actions of his employee. WHY NOT THE EMPLOYER OF AN ELEVATOR AGENT OR TRUCKER AS WELL?

In the examples listed above, we submit the real offenders are the managers of the businesses concerned as they continue to allow their employees

to operate their premises, knowing offences have been committed. WHY
DO THE EMPLOYEES STILL HAVE THEIR JOBS?

Evidence presented to you by the Canadian Wheat Board indicated a considerable illegal movement of grain east of Manitoba under the guise of screenings. Regulations have been changed by the board to stop this movement. The Board is not sure that it is stopped as the offenders are "sharp operators and may find a way around the regulations".

Overcoming this kind of illegal grain movement may not be possible within the present Wheat Board Act, but may, in fact, lie in other acts or regulations under them.

In a series of letters between the National Farmers Union and the Canadian National and Canadian Pacific Railways, the Board of Grain Commissioners and the Canadian Livestock Feed Board, we have established:

1. Railways do not maintain records of the point of origin or destination of carlot shipments of screenings transported by them.
2. No record is kept by the railways of the grades of grain they move.
3. No record is kept by the railways of the movement of screenings, as carlots are billed from their place of origin in western Canada and shipped directly to their destination.
4. Except at the request of the company shipping grain on screenings, the Board of Grain Commissioners inspects only those carlots unloaded at licensed terminal elevators.
5. The basic reason for the company requesting an inspection would be that the company would be able to use the official grade in settling with the customer.

6. The Canadian Livestock Feed Board does not maintain records of origin and destination of carlots of screenings on which feed freight assistance is paid.

It is clear from the above that shipments of grain from the Canadian Wheat Board designated area to other parts of Canada can be made under the guise of screenings without records being kept or inspections made. It is a situation ready-made for those interests which seek to violate the marketing objectives as defined in the Wheat Board Act.

Evidence presented to you by these interests, and their recommendations to you, must be judged by their performance in the past. It is mockery for them to suggest the fault lies with the Canadian Wheat Board and that changes in procedures will make them good citizens, and their proposals will be of lasting benefit to Canadian farmers.

It is in times of stress that any public agency becomes vulnerable to attack. Corporate business may help or hinder. It appears they have chosen to hinder and disrupt the operations of the Canadian Wheat Board.

The record of governments, both federal and provincial, is little better. History records the reluctance with which the government of Canada introduced the Canadian Wheat Board Act, (See The Search for Stability by Charles Schwartz), and its reluctance to place oats and barley under the jurisdiction of the Board. It has failed to bring other grains under the Board, even though producers have requested their inclusion many times.

Courts have tended to sympathize with offenders, while law enforcement agencies allow reported violations to continue without interruption.

Provincial authorities have continued to allow business firms such as implement dealers, furniture dealers, etc., to trade in grain in violation of provincial law.

In short, public authorities have failed to give support to an agency established by the statutes of province and state, and they must bear a major responsibility for the impossible situation that exists in the marketing of western grain.

Some farmers have also aided corporate business in its designs to destroy the Canadian Wheat Board. For every buyer there must also be a seller. In theory, it is true that a farmer does not have to sell grain to persons other than the Board and the actions of some farmers are deplored by many of their neighbors.

The Canadian Wheat Board itself is not without fault. This committee has a responsibility to call the Canadian Wheat Board before it and ask for:

1. What charges were laid, if any, as a result of the Board's investigation of two feed mills in Manitoba (see transcript of March 10), Northern Seeds, Prince Albert, and Ferguson Custom Feedlots, Drinkwater.
2. Why buyers in one province, such as Cereal Auction Market in Alberta, are allowed to continue to transport grain across provincial borders with the knowledge of the Board and the Minister responsible for the Board.
3. What recommendations, if any, the Board has made to the Minister in order to strengthen its position.

4. What action, if any, is taken against an elevator company whose agents are found guilty of an offence. If no action has been taken, why has it not been taken?
5. What action is taken against a feed mill that will only purchase grain from a farmer who agrees to purchase supplies in return. Does the Board consider this kind of performance of the mill management to be within the terms of their agreement with the Board?
6. What action was taken against elevator companies which bought grain on special quotas for the purchase of registered or certified seed but sold the farmer farm supplies such as fertilizer instead?

The Canadian Wheat Board is an agency of the Parliament of Canada. Its function is to carry out national policy in respect to marketing western grown grains. Its operations are paid for by the farmers of western Canada. Its actions or lack of actions affect all Canadian farmers.

Canadian farmers are requesting their representatives in Parliament to call on the Canadian Wheat Board to answer the questions listed above.

Distress Price of Non Quota Grain

In our submission on April 10, 1969, photostatic copies of non-quota grain sales receipts were presented to and received by the Honourable Otto Lang. Wheat sales ranged from a high of \$1.65 in March, 1968, to a low of 60¢ in February, 1969. Cat sales ranged from a high of 85¢ in September, 1967, to a low of 51¢ in January, 1969. Barley sales ranged from a high of 95¢ in

August, 1967, to a low of 65¢ in January, 1969.

Since that time the average on-the-farm price can be said to be 1¢ per lb., and in many cases it is much less.

The Peace River area of British Columbia warrants special mention. Elevators in British Columbia are authorized to purchase grain to Wheat Board account, and non-quota grain to their own account. Non-quota grain must be marketed within the province and has ready access to feeders in the lower mainland of B.C.

Three features set Peace River non-quota grain apart from any other non-quota grain within the Wheat Board designated area.

1. B. C. is the only part of the designated area where elevator companies are allowed to handle both quota and non-quota wheat, oats and barley.
2. British Columbia is the only deficit grain producing province in western Canada.
3. Feed freight assistance is available for grain moving within the province in which it is grown.

Evidence presented to you by the Canadian Wheat Board on March 10 shows that 232 producers living closer to elevators in Alberta have elected, for reasons of their own, to deliver their grain to points in British Columbia.

There have been allegations that large quantities of grain were being illegally moved from Alberta to shipping points in the Peace River area. To focus attention on the problem, Peace River area farmers sealed off all deliveries to and shipments from grain handling firms in the area. Their action was called off with the arrival of Wheat Board inspectors, on the proviso that a complete investigation be undertaken.

Investigations of the NFU reveal that:

1. 155,029 more acres are listed in producers' permit books for delivery in Dawson Creek than actually exist in the entire South Peace River District of B.C.
2. Deterioration of price for non-quota grain as shown in the table below.

Prices to Farmers, less PGE Cartage Allowance, Dawson Creek,
Fort St. John

	<u>July 30/68</u>	<u>Aug.14/68</u>	<u>July 31/69</u>	<u>Sept. 15/69</u>
Wheat	1.60	1.46	1.31	1.07
Barley	.92	.76	.64	.64
Oats	.75	.63	.53	.39

On-the-farm prices for non-quota grain are somewhat similar in Saskatchewan and in the Peace River area, and demonstrate clearly the inability of a free market to return a satisfactory price in times of surpluses.

On March 4, 1970, the selling price of No. 1 feed barley at the Lakehead was \$1.03 3/8 (Evidence of March 12). With all costs added, including the cost of milling, less feed freight assistance, the total cost of No. 1 feed barley delivered to a farm in the Montreal or Quebec area is \$1.17 3/8.

Any increase in price over \$1.17 3/8 must be attributed to storage or profit.

Ontario farmers paid the following prices for barley:

Feb. 17/70	Rolled barley	\$56.00 a ton	\$1.34 bus.
Feb. 13/70	Barley	\$2.95 per cwt.	\$1.42 bus.
Feb. 18/70	Barley	\$3.00 per cwt.	\$1.44 bus.
Mar. 12/70	Barley	\$3.05 per cwt.	\$1.46 bus.

Cost of production for wheat, oats and barley on summerfallow and stubble were estimated by W. J. Craddock, University of Manitoba, and presented in a paper to the Agricultural Outlook Conference in November, 1969. The NFU does not necessarily accept these costs, but they may act as a guide to this committee in its deliberations.

A comparison of the costs shown by Dr. Craddock and the on-the-farm price received for non-quota grain and prices paid by eastern farmers leaves no doubt that corrective measures are necessary.

Law Enforcement

Of major concern to the NFU, and surely to this committee, is the upholding of law. Because a person does not like legislation, as most persons do not enjoy income tax regulations, should not mean that that legislation can be ignored or bypassed. Nothing but complete breakdown would result if each individual were permitted to decide which law he would obey and which he would disregard. Law should not only be obeyed, but upheld by judges who get their authority from the Law.

A simple glimpse should satisfy this committee regarding the possibilities of evading provincial regulations. The sales tax, of great import in provincial fields, presents opportunity for evasion, and at the same time is closely policed by all provinces. Enforcement reduces interprovincial trading, and its observance, in general, receives support from business. It is evident what public reaction is when business decides laws pertaining to grain marketing should be disregarded.

What would public reaction be if, for example, a group of farmers in Saskatchewan (where there is a 19¢ provincial gasoline tax) bought a truckload of gasoline from a refinery in British Columbia (where the tax is 13¢) or from a refinery in Alberta (where the tax is 15¢) and had the gasoline delivered to their farms? (Provincial tax evasion)

What would the public reaction be if farmers in New Brunswick (where an 8% sales tax exists) arranged with a farmer in Alberta (where no sales tax exists) to buy a \$4000 car, drive it 5 miles and sell it to him at a saving of \$320? (Provincial tax evasion)

Public reaction in the past should give us some indication. When a strike of Liquor Board employees took place in Quebec and people from that province were reported to be purchasing liquor in Ontario and transporting it across provincial boundaries, the government of Quebec with little delay took efforts to prevent this "illegal movement".

When a change in government took place in Saskatchewan and the new government attempted to enforce collection of the provincial sales tax, merchants in Lloydminster, Saskatchewan, reacted, but Saskatchewan authorities took firm steps to see that this tax was collected.

Reaction of government makes it clear that when public income is affected, action is taken, but when farm income is affected, government reaction is to virtually ignore what is going on. It depends on whose ox is being gored.

Farmers in Ontario, Quebec and the Maritime provinces are vitally interested in how western grain is marketed and priced. Prices of wheat, oats, barley and corn grown in eastern Canada must remain competitive with western grown grain. Canadian Wheat Board operations act as an umbrella

over these grains. Domestic price instability in one part of Canada creates instability in other parts. Lower cost of feeding in one part makes feeding in higher cost areas uneconomic.

Feed freight assistance has enabled western grown grains to be competitive with U.S. corn imports and it has enabled feeding costs to be somewhat equal across Canada.

THE KEY TO CANADA'S TOTAL GRAIN, LIVESTOCK AND POULTRY INDUSTRIES IS THE ORDERLY MARKETING SYSTEM PROVIDED BY THE CANADIAN WHEAT BOARD. OF THIS, THERE CAN BE NO QUESTION.

Failure of public authorities, agribusiness and farmers to give complete support to the Board's operations can only result in continual chaos at the farm level, economic stagnation of rural communities, and eventual destruction of any semblance of private enterprise in Canadian agriculture.

Recommendations:

1. That the Commons Committee on Agriculture conduct an in-depth study of all aspects of depressed grain prices in the west.
2. That the Canadian Wheat Board be the sole marketing agency for western grown grains.
3. That commercial feed lots within the Wheat Board designated area be declared to be a work or works for the general advantage of Canada.
4. That all facilities declared to be a work or works for the general advantage of Canada become agents of the Canadian Wheat Board.
5. That all sales of grain to such agencies be subject to the price and quota regulations of the Canadian Wheat Board.

6. That provincial governments enforce their laws in respect to marketing grains.
7. That present weaknesses in present regulations and practices be tightened.
8. That all violators of Canadian Wheat Board regulations be prosecuted and penalties increased.
9. That corporate business be required to abide by the laws.

All of which is respectfully submitted by

THE NATIONAL FARMERS UNION.

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